

Social Development in Times of Converging Crises: A Call for Global Action



World Social Report

Executive Summary

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Executive summary

Social development progress is under threat

As countries look towards the Second World Summit for Social Development, the vision of placing people at the centre of development retains its primacy three decades after its articulation at the first Summit. That vision shaped successive global agreements including the Millennium Declaration and the 2030 Agenda for Sustainable Development. Key objectives of social development, such as poverty eradication, employment generation, inequality reduction and building inclusive societies, remain at the heart of the global development agenda.

Since 1995, much progress has been made towards realizing the vision. More recently, however, there have been reversals, and several objectives of social development appear increasingly at risk. In the longer term, due to the enduring impacts of various shocks and crises, which have become more frequent, widespread and interconnected.

The COVID-19 pandemic initiated a sharp reversal in progress, with headline impacts such as the first increase of the global extreme poverty rate in 20 years. While these numbers are slowly returning to pre-pandemic levels, they remain stubbornly high in many low-income countries, increasing the likelihood of households trapped in poverty. Hunger and malnutrition have risen steadily,

subjecting infants and children with the threat of lasting damage to health and normal cognitive growth, and consequently to social development. Even as the pandemic ebbed, spillovers from the war in Ukraine, and droughts and floods caused by climate change created additional threats to food security, as did unexpectedly high inflation in many countries. Divergent recoveries in employment – with developing countries lagging behind developed ones – are yet another indicator of lasting impacts on social development trends. Income inequalities have risen in many countries, including in developing countries with pre-existing high levels of inequality. Between-country inequality, yet another indicator of disparity, rose steadily (by about 1.6 per cent since the onset of the pandemic) and has remained elevated ever since.

A single statistic that expresses the potentially persistent impact of successive crises is the 2023 projection of where global output will be in 2030, compared to where it was expected to be at the end of 2019: a value that is lower by 7.3 per cent, representing a cumulative output loss of over \$50 trillion, and an indication of lost opportunities for social development. Economic slowdowns have contributed to shrinking fiscal space and debt distress that further perpetuate impacts, even as unanticipated risk factors, such as inflation and “higher-for-longer” interest rates in developed economies, have worsened prospects around the world, especially for the poor and vulnerable.

There is greater knowledge about the structural drivers of shocks and crises, but most countries are underprepared

The recent confluence of crises has presented new evidence of how shocks impact social development, drawing from rich new data sources, and substantially adding to an extensive body of cross-disciplinary research from across the world. Across disciplines, assessments are also confirming that we live in a period where shocks are becoming more likely. For example, the probability of a pandemic occurring in any given year is estimated to be progressively increasing due to the rise in disease emergence rates as human activities further encroach on animal habitats. As global warming continues, forecasters are expressing high confidence that every region in the world will experience increasingly concurrent and multiple changes through numerous climate impact channels. Gradually worsening circumstances could include prolonged drought, or more intense and frequent extreme weather events such as hurricanes. Such events could increase threats to agricultural production and food security, among others. Various scenarios highlight systemic risks to global financial stability.

Shocks too are becoming more likely, and the chance that they will precipitate crises is increasing. Taken together, the probability of repeated, converging crises that produce long-lasting impacts on social development has risen, even as our preparedness for them has not kept pace

Shocks that might have previously remained relatively contained can now be propagated rapidly through globally interconnected networks such as those in trade, finance and transport. The extent, density and other characteristics of these networks, such as the relative importance of each network participant, help determine how shocks are disseminated and amplified into crises. Extensive interconnections also offer pathways for shocks to exert influence across systems,

further magnifying impacts as crises originating in one sector spill over into others.

Despite the increased understanding of both mechanisms and impacts, we remain underprepared. For instance, data shows that coverage under early warning systems remains patchy. Many remain entirely outside the reach of social protection, lacking access to an essential buffer against shocks. Progress towards the Sustainable Development Goals (SDGs), associated with greater coping capacities, remains markedly inadequate. Finally, translating the insights of network science into improving how networks are governed to boost resilience remains a work in progress.

National actions as well as international collaborations are essential, and mutually complementary, in advancing social development at a time of converging crises

International support is essential to ease national constraints to advancing social development

As shocks to social development can originate in different domains and then spread across geographic and system boundaries, both international and mutisectoral collaboration are important. Social development is addressed through many of the individual Goals and targets in the SDGs. To the extent that these are advanced holistically, multisectoral approaches can be built in. National development strategies that seek to eradicate poverty; ensure inclusive, job-rich growth; and promote equality of opportunity and universal access to quality services, among others, can all advance social development, especially if other policy objectives are also supportive of these efforts. Countries now need to re-examine the entire range of their policies and programmes, working through alternative scenarios, to ensure they can succeed in accelerating social development in the new crisis context.

In the aftermath of convergent crises, however, countries face additional constraints. Many face shrinking fiscal space and increased debt burdens, constraining their ability to invest in social development. Vulnerable people and societies tend to be the worst affected, especially those in developing countries and countries in special situations: in early 2024, half of the low-income countries were in, or at high risk of, debt distress. These compound investment shortfalls during crisis periods: over the COVID-19 pandemic, 65 per cent of governments in low- and lower-middle-income countries had to reduce their education budgets.

Constraints such as those identified above can only be addressed by re-invigorating international cooperation for social development. Collective-action solutions are needed to free up fiscal space in heavily indebted countries, while also providing an effective debt resolution framework for the future. Additional measures, such as supporting stable growth pathways that are consistent with social development, and facilitating institutional development are also needed in the medium term. For many countries, particularly those in special situations, official development assistance (ODA) in the form of grants and concessional finance would continue to be essential for advancing social development objectives. Such actions would, in the longer term, also enhance a country's ability to service its debt.

Mechanisms that support the resilience of individuals and households and guard against long-term losses must be available to all

Preparing for the unexpected requires creating robust systems and investments in resilience. The existing social protection systems and other risk protection mechanisms in many countries have significant gaps undermining social development during shocks and crises. While national-level efforts for achieving social goals remain vital, they are insufficient in the face of multiple crises that can affect households and individuals in different ways. Countries with robust social

protection and insurance coverage have navigated the multiple crises more effectively, underscoring the importance of proactive measures in building resilience. However, only 47 per cent of the global population is estimated to have access to at least one social protection benefit, meaning that more than 4 billion people still lack any social protection. Furthermore, only 31 per cent of the working-age population are legally covered by a comprehensive social security system. In high-income countries, on average, 85 per cent of the population is covered by at least one social protection benefit, while in low-income countries, it is only 13 per cent.

The cost of achieving nationally appropriate social protection systems in developing countries by 2030 is estimated at \$1.4 trillion, or 3.3 per cent on average of their gross domestic product. The pandemic-era expansion of social protection instruments can provide the building blocks for social protection floors in many countries. Experience with these initiatives can help reduce transaction costs and improve efficiency. However, with fiscal space remaining constrained, international support, including for improving domestic resource mobilization would be necessary. If ODA is used, it should be in the form of grants or highly concessional loans, as investments in social protection typically take longer to strengthen a country's debt-carrying capacity. Support in the form of debt swaps for social development or debt swaps for SDG investment can also help, allowing countries expand their fiscal space by reducing debt payment obligations in return for social spending commitments.

A human rights-based approach to social protection, prescribed by law, guarantees its continuity and predictability at times of crisis, helping reduce the need for ad hoc emergency actions. The grounding in law creates entitlements, ensures permanence, and gives rights holders the legal ability to invoke their rights, as in Brazil and South Africa. International efforts can then be devoted to complement national efforts of developing countries, including those in special situations, to provide social protection to their people.

Insurance, too, is an important element of a comprehensive risk management framework, especially through innovative mechanisms, such as parametric insurance, that expand their availability to the poor in developing countries. Appropriate regulation, supported by more granular and timely data, forward-looking models, and digital technology can help to foster a more inclusive, effective and efficient insurance market. With recurrent and converging shocks threatening the viability of the basic insurance model, national and international partnerships may be necessary to maintain effective risk pooling.

More broadly, decision-making on risks when the risks themselves are changing must engage with the totality of actors, rules, conventions, processes and mechanisms concerned, as well as evaluate how relevant risk information is collected, analysed, and communicated. Such a “risk governance” approach can help to structure and organize growing uncertainties through explorative scenarios for future developments.

Building resilience in a closely interconnected world requires global cooperation

There is a need to strengthen and build the resilience of networks and foster adaptive capacities to navigate the complex, multilayered network of systems through which the impacts of crises on social development are transmitted, particularly in those countries that are disproportionately impacted.

Predominantly international actions include robust early warning and global emergency platforms

Global cooperation can help develop and maintain effective early warning systems to detect warning signals at the earliest possible point, allowing for prompt interventions to contain initial shocks and minimize contagion. Absent such action, shocks that cascade through the system can inflict profound damage to social development. International

cooperation is also needed to avoid possible regulatory arbitrage – for example, in the case of systemically important firms that may be subject to more stringent or less stringent regulation in different jurisdictions. A successful example of such cooperation is the agreement on reforms of banking regulation and supervision by the Group of Twenty following the 2008 world financial and economic crisis. Multilateral processes and institutions are important protection mechanisms and need to be strengthened further.

International collective action is essential to address the drivers of shocks that spill over national boundaries

Experience with recent crises has underscored the importance of coordinated knowledge-sharing and timely action by the international system to guide effective crisis response during global shocks. For example, as the pandemic unfolded, collaborative platforms and international coalitions facilitated the exchange of knowledge and resources, enabling both a coordinated response that spanned continents and the rapid development of several effective vaccines. Building on past experiences, a standing capacity to undertake such coordinated action would ensure that no time is lost, as was recently seen with the Global Crisis Response Group. Such action becomes especially important, as shocks originating in one sector could unexpectedly trigger stresses in another, requiring a coordinated response at short notice.

Collective action that addresses the drivers of shocks that spill over and cross national boundaries can reduce systemic risk from the outset and prevent or limit future damage, which greatly reduces the impact on social development. Examples include climate change mitigation, global financial stability, pandemic prevention, preparedness and response, and preventing the spillovers of violent conflict. As each of these is best supplied through different provisioning mechanisms, global coordination and agreements are necessary to elicit the appropriate contributions from countries. Importantly, requiring

these collaborative solutions to also advance social development can deliver a double dividend through enabling appropriate national contributions while guiding global coordination. In the absence of such collective action, purely national solutions may not succeed, and could even end up further increasing systemic risks.

The way forward to advancing social development during a period of converging crises

A unique opportunity for updating the global consensus on social development for our times

The United Nations system is well placed to take forward the recommendations of this report in partnership with other stakeholders. At the national level, it is a trusted presence on the ground through

country teams, with unparalleled convening power. It is important to further strengthen United Nations joint programming for resilience-building across the entire cycle, from risk assessment to planning, implementation and monitoring. Joint programming is already under way to advance the six key transitions identified as catalytic for accelerating progress towards the SDGs. The United Nations can also support capacity-building, responding to a variety of needs across countries.

At the global level, the United Nations provides a unique, fully inclusive and legitimate forum to build consensus on how to address global challenges. Major conferences and summits through the end of 2025 – the Summit of the Future in September 2024 in New York, the Fourth International Conference on Financing for Development in June–July 2025 in Spain, the Second World Summit for Social Development in the latter part of 2025 – all offer a unique opportunity to converge towards a consensus, through different workstreams, that would update the Copenhagen declaration for our times.